

HOUSE BILL 1468
By Head

AN ACT to amend Tennessee Code
Annotated, Title 9, Chapter 9 and
previously enacted bond acts relative
to debt issuance.

WHEREAS, given the current economic and world political situation, it is in the best interest of the State to have the greatest flexibility with respect to the issuance of its general obligation debt; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 9-9-205 is amended by deleting the existing language and substituting instead the following:

(a) Any and all bonds issued by the funding board shall be sold at public sale after due notice thereof in such manner and at such times as may be approved by the funding board. Notwithstanding the foregoing, until June 30, 2005, the funding board shall have discretion to sell bonds at private sale upon

such terms and conditions as it shall determine. The funding board shall report periodically to the chairmen of the finance ways and means committees as to the terms and method of sale of bonds sold until June 30, 2005, including the basis for selection of underwriters or other initial purchasers at private sale.

(b) If there are unappropriated funds in the general fund, highway fund or state debt service fund of the state sufficient to defray the cost of the betterments, improvements, buildings, and projects for which bonds shall have been authorized, or any part thereof, then the funding board may request an allocation from such unappropriated funds in lieu of issuing bonds in such amount. There is hereby appropriated upon any such request of the funding board from the general fund, highway fund or state debt service fund a sum sufficient to pay the cost, or any part thereof, of such betterments, improvements, buildings, and projects, as the funding board shall have been authorized to finance through the issuance of bonds. For the purposes of this section, the use of highway funds shall be limited to highway projects.

(c) Notwithstanding the foregoing, if there are notes of the state outstanding that were issued in anticipation of the issuance of bonds that mature without having been funded by the issuance of bonds, the funding board shall, without further authorization, apply funds appropriated to the state debt service fund for amortization of authorized and unissued bonds not required for the payment of principal of and interest on bonds which have been issued to the retirement of a like amount of principal or interest on such notes. There is hereby

appropriated from such funds in the state debt service fund a sum sufficient to retire the principal of and interest on such notes, and, upon the retirement of such principal, the authorization for the issuance of such principal amount of the bonds for the purposes for which the notes were issued shall become void.

SECTION 2. Tennessee Code Annotated, Section 9-9-405 is amended by deleting the word “sinking” and substituting instead the words “debt service”.

SECTION 3. Any language inconsistent with the provisions of this act in any general obligation bond act enacted prior to the effective date of this act shall be of no effect.

SECTION 4. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect the provisions or application of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 5. This act shall take effect upon becoming law, the public welfare requiring it.